

USAWC STRATEGY RESEARCH PROJECT

MILITARY REFORM IN UKRAINE

by

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ABSTRACT

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Ukraine became one of the biggest countries in Europe after the collapse of the Soviet Union in 1991 and inherited a Soviet-built force that had been designed for conducting combined-arms offensive operations against NATO in Europe as a part of a possible war between powerful empires. The Ukrainian military faced a lot of problems from the very first days of Ukrainian independence. As a new self-governing state Ukraine is building its own armed forces. What was in the past? What is going on now? What is the way for the future development of the armed forces in a young independent state to preserve sovereignty and promote stability in the country? The research paper focuses on the main problems, which need to be solved first, analyzes them and provides recommendations for the future development of the Ukrainian military.

TABLE OF CONTENTS

ABSTRACT.....	iii
MILITARY REFORM IN UKRAINE	1
BACKGROUND	1
CURRENT SITUATION	1
THREE MAIN PRINCIPLES OF STRUCTURING MODERN UKRAINIAN ARMED FORCES.	3
PRINCIPLE 1: GOVERNMENT MUST DEFINE AIMS AND PURPOSES OF MILITARY REFORM	4
PRINCIPLE 2: UKRAINE MUST ESTABLISH EFFECTIVE CIVILIAN CONTROL OVER THE ARMED FORCES TO CREATE BALANCE WITHIN THE GOVERNMENT-MILITARY-PEOPLE "TRINITY"	7
PRINCIPLE 3: MUST BALANCE MILITARY PERFORMANCE NEEDS OF ECONOMIC LIMITATION	12
CONCLUSION	13
ENDNOTES	15
BIBLIOGRAPHY	17

MILITARY REFORM IN UKRAINE

Soldiers throughout history have faced the problem of reform. Armies must adapt to keep pace with the changes in technology, society, and the challenges in their security environment. The nature of conflict compels armed forces to develop; cohesiveness, internal loyalty, tradition and ceremony, strong discipline and obedience to command – qualities essential for success in battle but which tend to resist change. Fundamental reform is exceptionally painful for armed forces to initiate and conduct without strong, determined, and well-informed political direction.

BACKGROUND

In its early years, Ukraine spent considerable efforts constructing national armed forces from the disparate parts of the Soviet defense structure that remained on Ukrainian territory. Ukrainian armed forces were formed in 1992-1993 from units and staff of the Soviet Kiev Military District. Ukraine inherited a Soviet-built force designed for combined-arms offensive operations against NATO. Its deployment patterns did not match Ukraine's defense requirements and there was no integrated command and control center. Upon independence, Ukraine possessed 3,905 tactical nuclear weapons. This was 14 percent of the Soviet total nuclear force. This force was voluntarily withdrawn from operational use by May 1992.¹ The Armed Forces of Ukraine included about 780,000 personnel, 6500 tanks, about 7000 combat armored vehicles, 1500 combat aircrafts, and more than 350 ships.²

It became clear that Ukraine could not afford the Armed Forces it inherited from the Soviet Union. Even the Soviet Union itself could not support them. This was evident as early as 1986. In 1985 the military budget of the Soviet Union was \$ 343.6 billion, in 1997 prices.³ According to the 1991 data, about 30 percent of the military personnel of the Soviet forces were located in Ukraine. If we add up the costs spent on their provision to the expenses of the military industrial complex, their total would make up almost 30 percent of the Ukraine's GDP. According to its nuclear capacity, Ukraine was third in the world (after the USA and Russia). It had a huge military industry of 1840 enterprises, which employed 2.7 million people. Seven hundred of these enterprises produced solely military equipment and employed 1.3 million people.⁴

CURRENT SITUATION

Ukraine's success in constructing its national armed forces – in the face of huge cutbacks in personnel strength and budget - is a tribute to the many thousands of dedicated military officers and civilian officials. Those efforts have had a positive impact on consolidating the Ukrainian nation; the Army remains one of the most trusted institutions in society. The armed

forces have also made contributions to Ukraine's international status through their extensive involvement in UN peacekeeping, NATO-led operations in the Balkans, and now in Iraq.

Yet despite these successes, Ukraine's defense structures continue to find themselves in crisis. Putting forces together for deployment abroad requires the mobilization of all available resources, and maintaining them in place can only be done with outside support. Training and readiness are woefully under funded; capabilities and equipment are steadily deteriorating, and investment is almost non-existent. As Victor Tkachuk, Secretary of the Parliamentary Committee on National Security and Defense, People's Deputy of Ukraine said - "Today, it takes a battalion of the marines two months of training to take part in an exercise. And this is the elite of Ukraine's Armed Forces. What can be said about other units then? I dare to guess that 90 percent of our officers and soldiers are busy guarding themselves and engaged in economic activity, but are unprepared to defend their Fatherland."⁵

The defense industry remains in crisis; the huge stockpiles of Soviet-era equipment and munitions are a liability and growing safety risk. To maintain a military the size of Ukrainian current armed forces to NATO standards would cost USD 5-6 billion a year, which is half the Ukrainian state budget. Ukraine, given an estimated 4-5 percent economic growth rate, will not be able to provide such funding even in 15 years time. Annual Defense Expenditure during the entire history of Ukrainian armed forces never was more than USD 1.4 billions. And since the current funding of the Ukrainian armed forces is several times, not just several percent, less than required, the need for reduction is obvious .⁶

The military organization of Ukraine is in deep crisis. Today this does not pose a serious threat to Ukraine's security, since foreign military aggression seems unlikely in the next several years. However, if the present situation in society, the national economy and the attitude toward the military on the part of the state and general public persist, Ukraine may lose its sovereignty in the future. Its military organization will be unable to defend Ukraine's national interests against military threats.

The military, political and strategic environment facing Ukraine four years ago, when the State Program of Armed Forces Construction and Development was formulated, was different from today's environment. It is even more different from eight years ago, when the Military Doctrine of Ukraine and the Concept of Development of Military Formation were drafted. The Military, as currently organized, is too expensive for the Ukrainian economy. With its current structure and numerical strength, it will be unacceptable even after the economic crisis recedes. Even in twenty or thirty years Ukraine will not be able to ensure an adequate level of combat readiness and technical equipment of such a large army. Ukraine truly needs military reform.

The situation requires an adequate response on the part of the highest state leadership. Resolute and dynamic military reform, not cosmetic measures are needed. Today we should move from talks of reforms to its implementation.

Ukraine should define priorities to balance between desired goals and available possibilities. The military organization should not be so strong that as it frightens neighbors, exhausts the economy, or hampers social development. At the same time, the military organization should not be so weak that it invites military conflicts. The military should support the political, economic and diplomatic mechanism of Ukraine's national policy. Will it happen in 7-10 years? That depends on the decisions of today's national leaders.⁷

How could such a mammoth effort at constructing a national defense system result in such a severe crisis? Many in Ukraine's armed forces today would answer that question with the appealing idea that, "the politicians failed to provide sufficient funding". Current defense expenditure is 1.7 percent of GDP, which is only 40 percent of minimal military requirements.⁸ Unfortunately, more funding is unlikely to solve the problem – even at the "legally required" level, dictated by the Law on Defense of Ukraine, rate of 3 percent of GDP, the Armed Forces as currently structured, would be woefully short of meeting personnel, training, operational, and investment needs. Underfunding is indicative of a wider problem. Instead of reviewing the fundamental principles, threats, national priorities and strategies, relationship of the Armed Forces to state, economy and society on which the Armed Forces should be based, Ukraine has recreated a Soviet model, based on potential war between powerful empires and security demands of ancient times.

It is becoming increasingly obvious that the Soviet model no longer matches the needs of today's international security environment and the ongoing transformations in Ukraine's economy and society.

THREE MAIN PRINCIPLES OF STRUCTURING MODERN UKRAINIAN ARMED FORCES.

Armed forces cannot be democratic institutions. Embedding them within a democracy and market economy, so that they are not a threat to society, is difficult. According to the opinion of most Ukrainian military experts, the following three main problems must be solved for successful military reform:

1. The government and Parliament should define the aims and purposes of military reform. This should be done through a process that determines the national interest, potential security threats, and identifies the character of operations both as they are today and as they might be expected to develop:

2. The people must support the armed forces, provide manpower, and support the employment of the armed forces to meet security threats by supporting the political will of the government. The armed forces themselves must be cohesive and function effectively, reflect society, generate force efficiently and provide flexibility to meet evolving security requirements;

3. There must be a balance between the necessities of military performance and the economic potential of the state.⁹

Analyzing these principles provides a means to determine areas requiring change, measure progress of reforms, and identify where other countries may have experience in dealing with similar issues.

PRINCIPLE 1: GOVERNMENT MUST DEFINE AIMS AND PURPOSES OF MILITARY REFORM

The development of Ukraine's security perspective as an independent state has taken place against the background of fundamental changes in the global security landscape. Until the early 1990s, "security" was synonymous with "defense". East and West faced the threat of World War III, which in Europe meant the threat of invasion, with whatever justification, by both sides. The response was continental armies based on mass conscription. From Moscow to Madrid, "national security" was measured largely in military strength.

The last fifteen years have seen a dramatic change in that security paradigm. In Europe, the centuries-old threat of war between powerful empires, in which Ukraine has frequently served as both a battleground and an unwilling prize, has diminished, giving the small and medium states of Central and Eastern Europe their best chance in hundreds of years to consolidate their independence and sovereignty. But even as the specter of full-scale war has faded, new threats have risen: ethnic and religious conflict, ineffective and corrupt government, illegal migration, terrorism, and smuggling - of people, weapons, drugs, money and weapons of mass destruction materials and know-how. A principal catalyst for the development and proliferation of the new threats has been the growth in size and scope of transnational criminal networks, which not only facilitate criminal activity, but also penetrate, subvert, and even co-opt the institutions of state and society.

For Ukraine, independence has changed the geo-political calculus of the new state. Soviet security policy was based on the realities of a Eurasian empire, with a large landmass, considerable natural resources, sparse population, a multi-ethnic society, and a vision of hostile neighbors in all directions. Independent Ukraine's geopolitical situation is different. Entirely within the European continent, Ukrainian society is largely homogeneous and its territory densely settled. It has peaceful relations with its neighbors, whose main energies and attention

are focused on the process of integrating into the European Union and NATO or on managing the economic, political, and social challenges of their own continuing post-communist transitions. The risks that do exist for Ukraine stem from proximity to weak or failed states and intractable conflicts (Moldova, Belarus, Caucasus, Balkans), or, in the economic sphere, from the continuing struggles of post-Soviet elites for monopoly control of resources, with particular emphasis in Ukraine's case on the gas transit network.

Changes in the security landscape have been accompanied by equally significant changes in how nations protect their national security. Improvements in technology - particularly information technology - in combination with doctrinal improvements are driving a paradigm shift in warfare. Mass is giving way to concentration of military and political effect through precision, intelligence, and co-ordination. The premium in combat is on reach/range and speed of action - both of deployment and employment. Information, intelligence, and decision-making processes are of first importance, since in the new environment action may necessarily have to be pre-emptive and offensive at both the tactical and strategic levels to be successful. Effective coordination is essential at all levels, including inter-service and international. In short, quality - of personnel, training, doctrine, weapons, and equipment - is replacing quantity as the decisive element in battle.¹⁰

As national security objectives are now rarely measured in terms of military tasks alone, the armed forces are increasingly being asked to take on missions where political and military objectives are strongly linked: peacekeeping, civil security, crisis response, and humanitarian relief. The increasing breadth of such non-combat or low-intensity combat missions is also increasing the importance of qualitative factors such as flexibility, judgment, long-term sustainability, and the ability to co-ordinate effectively with civil and political authorities.

Combating transnational criminal networks poses special challenges, particularly for national security institutions still geared toward defense against the threat of territorial invasion. Geographically and functionally diverse, these networks lack a clear "center of gravity" against which the armed forces can direct its firepower - even with counter-insurgency or special operations. Therefore, meeting today's multifaceted security threats requires the inclusion of non-defense tools, from intelligence and law-enforcement to disease control and financial regulators. These efforts are not just the domain of one organization; rather they require a government-wide approach that co-ordinates the "external" ministries such as, Ministry of Defense and Ministry of Foreign Affairs and their agencies including armed forces, intelligence services with the "interior" ministries containing internal affairs, education, finance, transport, environment, health, with their agencies like police forces, security services, disaster relief

agencies. But even well coordinated government efforts are insufficient without the support of civil society, media, and the commercial sector. Local investigative media, law-enforcement watchdog groups, or businesses are much more likely than the government to provide the first indication of a modern security problem like police corruption.

Meeting new security requirements demands reform of national structures, patterns of investment and systems of government. How is Ukraine to address this need to reform, given limitations on resources and political capital? The most important step is the development of clear national security policies and guidance. This process establishes identities, interests and objectives, threats and risks, and sets clear priorities that have the support, and therefore funding of from the Parliament and the public.

But despite the best efforts of its authors, Ukraine's National Security Concept is of little use as a planning document. It is principally a collegiate review of facts - interests and threats, as prepared by each ministry or agency having anything to do with security. There is no real prioritization - no analysis of risk versus probability. And although the Concept is approved by Parliament, this is more an after-the-fact formality than a process for ensuring that the interests, risks and threats, and priorities have the political and popular support necessary to ensure adequate funding. It should not surprise anyone, therefore, that the armed forces pay only lip service to the Concept when developing plans for force structure and reform.

In 2002, Ukraine adopted a new military doctrine replacing one that had been in effect since 1993. The new doctrine is the result of a compromise between proponents of traditional thinking about warfare in the General Staff, and more forward-looking civilian experts in the National Security and Defense Council. Both doctrines present threat assessment based on old Soviet dogmas. Both state that the principal task of the armed forces is to deter other states from aggression and repel armed attacks. Consequently, the forces are to prepare for full-scale combined arms operations. The threat assessment section is generally weak and inconsistent, failing to concentrate on proliferation of soft security threats in and around Ukraine. Instead of addressing the issue of building a professional force, the new doctrine reiterates traditional Soviet commitment to mass mobilization.¹¹

To calculate the size and composition of the armed forces, we need a clear vision of what is expected. It is clear from examining the most recent strategic documents that in the 12 years of existence, Ukraine has not yet formed this clear vision.¹² According to the First Deputy Head of the Supreme Rada Committee for National Security and Defense Borys Andresiuk, "We should formulate the main strategic tasks of the country and of its armed forces. Having grasped the magnitude of these tasks, we will be in a position to calculate the armed forces strength."¹³

PRINCIPLE 2: UKRAINE MUST ESTABLISH EFFECTIVE CIVILIAN CONTROL OVER THE ARMED FORCES TO CREATE BALANCE WITHIN THE GOVERNMENT-MILITARY-PEOPLE "TRINITY"

If Ukraine desires a military that represents the values, aspirations, and will of the people, it must have effective civilian control over the armed forces. This democratic political control is not limited to the Defense Ministry. The Supreme Rada, representing the Ukrainian people, also has to have some say in the policies, strategies, and requirements of the military. The Rada, in this case, can model itself after western Parliaments, which exercise budgetary control over their respective militaries. The ultimate goal is to balance Clausewitz's trinity – the government, the military, and the people. History is replete with many examples of states, militaries, and societies that have failed because of an imbalance in the "trinity".

The tenuous links between the National Security Concept and the armed force's plans is symptomatic of the civil-military gulf that Ukraine has inherited as part of its Soviet legacy. In the Soviet system, despite the Party's strong political control over the military, defense planning was almost totally the responsibility of the military and defense industrial leadership, who welcomed the lack of interference by politicians, as long as the system provided the military with priority on resources. Too many Ukrainian officers cling nostalgically to that view, refusing to accept that resources are allocated by Parliament, as a public trust. Strategic planning decisions that determine how these resources will be used are legitimately a joint civilian-military responsibility.

The Soviet system also lacked democratic instruments to verify if society actually did support the Party's total-war policy or the huge expenditure of resources that it required. Thus, with the collapse of the Party's monopoly, the Army was surprised that society "no longer" supported its vision - at least not with sufficient resources. This Soviet-era "social contract" between the Armed Forces and society cannot be revived. The hard truth is that Ukrainian society has changed a great deal in the past decade and the gap between new civilian and old military thinking has now grown very wide. The Ukrainian people still cling to the idea of the army as a key element of national identity and as such, the army is "popular". But until and unless those same people are willing to see their sons serve in the army, then the army will continue along its path of social decline.

Trying to assess Ukrainians' attitude towards some of the military issues, Razumkov Center conducted a poll on 8-16 January 2002. It questioned 2,019 adults across Ukraine. The margin of error was 2.3 per cent. We should note that the armed forces are more trusted than any other state institution: 28.2 percent of those polled "fully trusted" them in January 2002 and 36 per cent "trusted more than distrusted". Given this, the activities of the armed forces and their problems cannot but affect and concern the public. The greater majority of respondents

described current spending on national defense as clearly insufficient: 43 per cent consider it low, 23.5 percent - too low and only 7.7 percent - sufficient. The view that defense expenditure exceeds the required level is supported by a little more than 2 percent: 1.5 percent are sure that spending is high and 0.8 percent considers it to be very high.

Given this view on military spending, despite the high levels of trust in the army, more than half of Ukrainians (58.7 per cent) do not believe that the armed forces and other military units are capable of safeguarding the country from military threats. 23.8 percent support the opposite opinion. There is a huge gap between the normal requirements of the armed forces at their current strength and actual defense spending.

The idea of reducing the armed forces failed to attract a majority of either supporters or opponents. Views differ greatly as to whether the armed forces need to be cut once the political-military situation in the region and in the world permits Ukraine to do so. Almost a third of those polled (31 percent) consider radical reduction possible, 46.4 per cent - impossible and 22.6 percent could not say yes or no. We should recognize that stereotypes of the past, when the army's ability to protect the country from foreign threat was measured in the numerical strength of its armed forces, still exist in Ukrainian society. The most unequivocal answers were given to the question on the transition to a professional army. The idea was supported by 73.6 percent of those polled and opposed by only 14.2 percent.¹⁴

In short, Ukraine needs a new Army, not a revived and rebuilt version of its old Army, or more likely, given lack of funding, a gradually fading shell of its old Army. The restoration of strong relations between the new Army and society is a crucial factor, as it will directly impact on budgets and on morale. In Ukraine the Army will henceforth have to sell itself to the people and the politicians who represent them.

Building a new Army, oriented to new threats and based on a new social contract requires strong political will and direction. This requires a civilian Defense Minister with a strong ministry. It is he and his ministry - not the Armed Forces - who are responsible to the government and Parliament for ensuring that defense policies, strategies, structures, and actions are focused on the security priorities of the public, and their elected Parliamentary representatives, and match the resources that society is willing to spend. When expectations exceed funding levels, which is common, it is the Minister who must ensure that society, and Parliament, are aware and accept the tradeoffs and the risks. He must be responsible for implementing policy, for giving orders to the generals and checking that these orders are obeyed. This requires mechanisms to check on compliance and political strength, based on support from the executive and Parliament. The strength of this support reflects the "defense consensus" among society's

political forces. Where no such defense consensus exists, the Minister must do his best to build it.

In June 2003, Eugene Marchuk, Secretary of the Security and Defense Council since 1999, was appointed Ukrainian Minister of Defense. Marchuk is widely seen as the only person in Ukraine capable of putting defense reform plans into practice in the face of bureaucratic inertia, staff incompetence and severe budgetary constraints. His intelligence background – Marchuk presided over the formation of the SBU, - his civil service experience, and his firm support base in the West, make him capable of bringing necessary change to the armed forces. Marchuk is well suited for bringing the Ukrainian army to NATO standards. He is a supporter of NATO-Ukrainian cooperation, and was the force behind Kiev's decision to deploy troops in Kuwait and Iraq. As an experienced administrator, Marchuk can deliver better funding and more radical changes to the current force structure.¹⁵

Effective support requires co-operation between the General Staff, military members in the Defense Ministry apparatus, and the Ministry's civilian body of experts. These civilian experts need to be knowledgeable to address defense and security issues with credibility and confidence. Without such expertise, the civilian leadership cannot take the hard decisions - frequently opposed by an entrenched and conservative military staff - needed to ensure that the Armed Forces' structure, equipment, training, personnel, and operations are directed toward meeting society's priority tasks. Soviet heritage left Ukraine without this strong body of civilian expertise. Building such an expert civilian security community is vital for the success of defense and security sector reform.

There is an expression: national defense is too a serious matter to be entrusted to the military, and too weighty a matter to be entrusted to civilians. A key link in the chain of democratic civil control over the defense and security sector is the means for the public to ensure accountability from the politicians. This requires an effective electoral system, in which people's votes translate directly into changes in political fortunes, as well as enough public information and discussion to generate voter interest on national security issues. Civil society plays a crucial role, by providing information and advocacy on a variety of issues, such as national security policy, military strategy, weapons procurement, servicemen's rights and retiree benefits. Non-governmental organizations can also be a source of civilian experts for government positions, for work on specific analytical projects, and for independent advice and fresh ideas.

Ukraine's dilemma today is to construct Armed Forces and security forces which meet its real security challenges: the proximity of intractable conflicts and potential failed states,

international, and potentially internal, security threats linked to instability across the Eurasian region, and the undermining of society by corruption and transnational criminal organizations. The issue of territorial defense has not disappeared; however, the current economic and social difficulties of Ukraine's neighbors make such threats unlikely for the next 5-10 years, in even the worst-case scenarios.

What sort of forces will these security and defense systems need to contain? Key elements should include:

- Border forces which are no longer part of the national defense system (as in the USSR) but which need to be demilitarized and take on normal functions of keeping out illegal entrants and goods and speeding up the passage of legal traffic, the latter point often suffers at the expense of the former;
- Interior forces to maintain local law and order and keep any internal violence contained;
- Civil emergency forces to help respond to natural and man-made disasters, which given modern threats of terrorism and WMD are expanding in scope to include areas like industrial safety and infectious diseases;
- Armed Forces able to
 - (a) Back up internal forces or civil defense forces when needed;
 - (b) Represent Ukraine in contributing to international security tasks;
 - (c) Maintain a long-term potential for territorial defense.

Developing these capabilities will require considerable efforts to both reduce and reform or transform - all these forces. An important element of this process should be disentangling and streamlining responsibilities. Given Ukraine's limited resources, clear prioritization will be particularly important. One option is to conclude that Ukraine will not need to worry about "defense" for at least a decade - which would suggest that today's additional resources should be focused on those reforms needed to meet the more immediate needs of "security", while in the defense sphere resources for long-term reforms could be shifted from those maintaining the current structure.

However, the most attention and effort have been focused on reforming the armed forces. Several programs for reforming force structure have been put forward over the past few years. In practical terms these have continued efforts to maintain as much of the Soviet-era force structure and capability as possible. Ukraine cannot continue to waste resources to maintain outdated force structure. It needs to focus on building new force structure, command structure, and staff structure matched to the security needs of the future. This will require a new approach.

Maintaining the old dilutes energy and resources, and directs effort principally on the issue of sustaining force structure. Building requires the exact opposite - the concentration of effort and energy, and a focus on the issue of achieving future results.

In order for the process of building to have a clear focus, it will need to be based on a Defense Concept, which should link the National Security Concept to a process of force development. Unlike the Soviet-model Military Doctrine, which acts more as a “legal basis” than a strategic planning document, the Defense Concept must clearly identify defense aspects of national security threats and objectives, set out the strategic concepts and assumptions that will guide the Armed Forces, establish roles, missions, and capability requirements. It should provide clear guidance for defense planning, in order to bring its vision to reality.

Ukrainian armed forces have to transform in the same direction as those of other industrialized countries. Such armed forces should be more flexible, versatile, and capable of being sustained. To realize this goal, Ukraine has focused on two concepts that have also been central to defense plans in many NATO countries: rapid reaction forces and moving to an all-contract service. But these are not a panacea; they are enormously complex tasks that carry enormous costs. It is crucial, therefore, that their introduction be well thought out, adapted to Ukrainian social, economic, and financial realities, and - most importantly - clearly linked to the effective and efficient execution of the defense concept.

It is on its personnel rather than its equipment, tactics or organization, that any armed forces depends most for its effectiveness. In the long term, it is investment in personnel that must be the basis of any new army that Ukraine seeks to build. Ukraine’s Soviet-era personnel system is hugely wasteful of the Armed Forces’ abundant human talent. The Soviet system gave a large measure of authority to commanders at every level, including posting and promotion. An officer’s career development, therefore, depended almost exclusively on the opinion of his direct superior. The Soviet (and Ukrainian) Armed Forces never developed the objective, transparent, centralized personnel evaluation and reporting system that most Western armies have embraced over the past few decades. Most personnel decisions are made on a “case-by-case basis”, with the results depending on the ability of an officer and his supporters to lobby the responsible personnel department.

The practical effect is that there is no mechanism whereby a Ukrainian Minister of Defense or Chief of the General Staff seeking to push through reform can identify which officers have the requisite personal qualities to implement desired reforms. Without this knowledge, a reforming leadership cannot post the right officers into the key positions to ensure that their orders from above are translated into action throughout the system. It is illustrative that only a

few dozen of the over 1000 Ukrainian personnel trained in NATO countries serve today in positions where their training can be put to use. In many cases, the Ukrainian system even refuses to acknowledge that their training has validity.

Ukraine also needs improved management of equipment and property. The most obvious failure here is in the system for managing military housing, which meets neither the needs of the Army nor the needs of servicemen. The very limited availability of temporary “service apartments” for officers serving outside their home area frequently prevents an officer from being posted to the place where he is most needed. Officers living in popular areas like Kiev are reluctant to transfer to other areas, since in doing so they may lose their apartments. The reasons for this are many: inflexible laws, underfunding of construction, inefficient management, and corruption in the allocation of apartments. Possible solutions are: better management, increased transparency, improved laws.

PRINCIPLE 3: MUST BALANCE MILITARY PERFORMANCE NEEDS OF ECONOMIC LIMITATION

Military reform cannot exist in isolation. Armed forces are sustained by - and to varying degrees reflections of - the overall social, political, and economic systems of a country. In the Soviet Union the requirements of the armed forces were integrated into almost every aspect of the civilian economy and society. As a result, in post-Soviet states military reform is inextricably linked with social, economic and political reform, and can help or hinder the whole reform process.

For the last years, as weapons and equipment have improved, their cost has risen much faster than the rate of inflation. The Soviet system superbly mobilized all national assets for a war of survival from 1941-1945, but it never made the transformation to a peacetime mentality and operating procedures as Western countries and their armed forces did after the end of World War II. The USSR and its armed forces were simply maintained on a wartime footing for years too long, bankrupting the country and grossly distorting the Soviet economic, social and political systems. To Ukraine, which inherited the results of the Soviet failure, it should be obvious that any attempt to rebuild the Soviet defense economic system is similarly doomed.

What is needed then is a total reform of this system to bring it more in line with a free-market economy. Ukraine desperately needs defense accountants, a proper defense financial system, and a budgetary and planning process that understand real costs, provides predictive budgeting, sets priorities, and establishes some relationship between need, cost and effect. The system must bridge the gap between plans and budgets, by better integrating resource considerations into the planning process at all levels.

The Parliament can easily approve excessive military personnel, mandate increased training, but cannot adopt a military budget to cover planned military needs. Members of Parliament can proudly say words about civil control over the military but will not dare to demand that the executive branch make corrections to the unfeasible program of army reform.¹⁶

Victor Tkachuk, Secretary of the Parliamentary Committee on National Security and Defense, People's Deputy of Ukraine said in his interview to *Kievskyi Telegram* news paper on October 9, 2000, "One thing is clear: the whole army needs to be reformed and, not one battalion per year. I believe that a kind of combined effort of the Armed Forces, the military-industrial complex, including arms sales, and intelligence can be beneficial for Ukraine. Such symbiosis will make it possible to employ the available manpower more effectively and to bring order to supplies".

The future of the armed forces and the future of defense industry are inextricably linked. The Ukrainian armed forces need an effective industry to provide it with weapons in the future, and Ukraine's defense industry requires substantial markets for its products if it is to survive. As for the armed forces, however, the key to defense industry reform is in focusing on new possibilities, rather than trying to maintain old capabilities. This will require prioritization, based on the armed forces' vision for future requirements and better understanding of the economic realities of what the Ukrainian defense industry is likely to be able to produce at a profit. It will also require a cultural change, away from a system that was dominated by engineers to one that has business experts that can evaluate the trade-offs between technical and financial considerations and ensure the long-term profitability of their enterprises.

The Ukrainian defense industry will also need to learn how to integrate into global markets. The military arms and equipment industry has witnessed a decade of shrinking markets and massive consolidation of firms. Yet weapons projects grow ever more expensive. As a result, consortia and alliances are now in the lead for new development. The parts of Ukraine's defense industry that will be viable in the long term are those that will be able to cooperate with these consortia - particularly those in NATO countries - rather than those that try to compete against them. It is important, therefore, that Ukrainian industries do not fall into the easy trap of only re-building relationships within the post-Soviet sphere.

CONCLUSION

Ukraine, like many countries today, is so involved in the rapidly evolving problems of force cuts, defense reforms, democratic transformations, financial reviews and the like that it is difficult for the military leadership to step back from dealing with current challenges and see the

whole picture. Many military specialists fail to see that Ukraine today is facing what amounts to a revolutionary change in requirements. Like other industrialized countries, Ukraine needs to step back, re-examine fundamental principles, and take a new look at the classic interaction between “Ends”, “Ways” and “Means”. Otherwise, military reform efforts will continue trying to reorganize “Means” without addressing “Ends” and “Ways”. The “academic” or “policy support” community can help focus debate in Ukraine on finding “Ways” that satisfy the “Ends” of both defense and security and are within the country’s “Means”.

Ukraine now truly finds itself in revolutionary times. This requires defense thinkers and planners to look beyond their current paradigms and return to fundamental principles. For Ukraine, those principles have changed dramatically; therefore, the nature of the Armed Forces is likely to require changes just as dramatic. It would be difficult enough to choose and build a military and security system from scratch based on objective analysis. To have to construct a new system on the basis of the heritage of the Soviet system is a doubly difficult task. But it is a task that must be done, failure to do so today could be damaging to the continuing development of the young Ukrainian state.

WORD COUNT= 5,994

ENDNOTES

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- ⁴ Petro Kuzmenko, "Investment policy in the region", (Kyiv, 1992, p. 31).
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- ¹¹ "Ukraine", *Jane's Publication*, available from <<http://www4.janes.com/K2/docprint.jsp?K2DocKey=/content1/janesdata/sent/cissu/ukras100.htm@current...>>. Internet. Accessed 20 December, 2003.
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¹⁴ Leonid Polyakov, "Next Ukrainian Parliament unlikely to speed up army reform" *Zerkalo nedeli* # 7 (382) Saturday, 23 February – 1 March 2002 year, available from <<http://www.zerkalo-nedeli.com/ie/print/33930/>>. Internet. Accessed 20 December 2003.

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